

## Message Text

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42

ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 EURE-00 DODE-00 PM-03 H-01 L-02 PA-01 PRS-01

USIA-06 IGA-01 SAM-01 ACDA-05 /103 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 1817

INFO AMCONSUL LUANDA

AMCONSUL LOURENCO MARQUES

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: GOP ECONOMIC AND SOCIAL PROGRAM

REF: LISBON 842

1. SECRETARY OF STATE FOR ECONOMIC PLANNING HAS DISTRIBUTED COPIES OF THE LONG-AWAITED" PROGRAM OF ECONOMIC AND SOCIAL POLICY"-- EMBARGOED UNTIL FEBRUARY 21--TO THE PRESS AND DIPLO-MATIC CORPS. OUR FIRST IMPRESSION OF LENGTHY DOCUMENT--184 PRINTED PAGES--IS THAT IT IS MODERATE (E.G., NO WIDESPREAD NATIONALIZATION, LIMITED AGRICULTURAL LAND REFORM).AS FOR IDOLOGY, PLAN IS AMBIGUOUS. IN WORDS OF ONE KNOWLEDGEABLE OBSERVER, THOSE ON LEFT WILL SEE IT AS FALLING SADLY SHORT OF THEIR OBJECTIVES WHILE THOSE ON RIGHT WILL CONSIDER IT CONCEDES TOO MUCH. MAJOR HIGHLIGHTS ARE DESCRIBED BELOW.

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2. PROGRAM IS DIVIDED INTO SEVEN SECTION: INTRODUCTION,

CONDITIONING FACTORS, NATURE AND OBJECTIVES OF TRANSITION ECONOMIC PLAN, GLOBAL POLICIES, SECTORAL POLICIES, PUBLIC ADMINISTRATION, AND SHORT-TERM MEASURES. THE HEART OF THE PROGRAM, BOTH ECONOMICALLY AND POLITICALLY, IS GLOBAL POLICY SUB-CHAPTER ENTITLED "POLICY OF CONTROL OF ECONOMIC POWER."

3. TAKING ITS JUSTIFICATION FROM SKETCHY ECONOMIC CONTENT OF THE APRIL 25 "PROGRAM OF THE ARMED FORCES" (WHICH LITTLE MORE THAN ANTIMONOPOLY STRATEGY AIMED PARTICULARLY AT HELPING MOST DISADVANTAGED AND SOCIAL POLICY DEFENDING INTERESTS OF THE WORKING CLASS), THE PROGRAM ADOPTS FOLLOWING OBJECTIVES: CONTROL OF "BASIC SECTORS OF PRODUCTIVE APARATUS," CONTROL OF NATURAL RESOURCE EXPLOITATION, CONTROL OF "NATURAL MONOMPOLIES," CORRECTION OF ABUSES STEMMING FROM EXCESSIVE CONCENTRATION OF ECONOMIC POWER, AND TAILORING PRIVATE SECTOR ACTIVITIES TO SATISFY THE NECESSITIES OF THE MAJORITY. THE OTHER GLOBAL AND SECTORAL POLICIES DESCRIBED IN PROGRAM AUGMENT AND SPECIFY THESE OBJECTIVES.

4. OF IMMEDIATE INTEREST IS DOCUMENT'S TREATMENT OF PRIVATE SECTOR AND DIRECT FOREIGN INVESTMENT. ON BALANCE THIS TREATMENT IS POSITIVE. THE PLAN LEAVES NO DOUBT BUT THAT THE GOVERNMENT WILL USE BOTH DIRECT (E.G., EXTENSION OF PUBLIC SECTOR) AND INDIRECT (E.G., FISCAL INCENTIVES) MEASURES TO INFLUENCE THE PRIVATE SECTOR TOWARD OBJECTIVES THAT GOVERNMENT CONSIDERS SOCIALLY DESIRABLE. ON THE OTHER HAND, THE PLAN GIVES ASSURANCES THAT THE "LARGER PART OF ECONOMIC ACTIVITY WILL CONTINUE TO BE ASSURED BY THE PRIVATE "SECTOR" AND THAT "PRIVATE INVESTMENT MUST CONTINUE TO PLAY AN IMPORTANT ROLE IN STIMULATING NATIONAL ECONOMIC ACTIVITY.

5. AS FOR DIRECT FOREIGN INVESTMENT, PLAN COMES DOWN IN FAVOR, BUT OUTLINES REGULATIONS THAT WILL HELP GOP AVOID NEGATIVE ASPECTS SUCH AS DESTABILIZING INFLUENCES ON BALANCE OF PAYMENTS AND EVASION OF TAXES THROUGH ARTIFICIALLY PRICED IMPORTS AND EXPORTS. PLAN ANNOUNCES INTENTION TO SPEED UP PROCESSING OF FOREIGN INVESTMENT APPLICATIONS, MAKING THEM HIGHLY AUTOMATIC.

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6. BASIC HOPE OF GOP IS THAT THIS PROGRAM WILL BRING ECONOMIC STABILITY AND BY MAKING CLEAR GOVERNMENT INTENTIONS WILL STIMULATE CONFIDENCE AND GROWTH. INASMUCH AS PLAN HAS NOT YET BEEN DISSEMINATED TO THE PUBLIC, WE HAVE FEW INDICATIONS OF HOW VARIOUS SECTORS WILL REACT. PICTURE SHOULD BEGIN TO COME INTO FOCUS OVER THE WEEKEND FOLLOWING NEWSPAPER COVERAGE EXPECTED FEBRUARY 22 AND 23 AND AFTER PRESS CONFERENCY BY COORDINATOR OF PROGRAM, MINISTER WITHOUT PORTFOLIO MELO

ANTUNES, WHICH IS EXPECTED BY FEBRUARY 24.  
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## Message Attributes

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